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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank | November/December 1989

Outlook for the Hawaiian Economy in 1990

Economic conditions at the national level call for a cautious approach to 1990. Economic growth is expected to be moderate for next year. The Federal Reserve is working to curb inflationary pressures through defensive monetary policies. However, slower economic growth will set the tone for future easing.

The Hawaiian economy is headed for another year of growth in 1989. Gross business receipts, a measure of overall business activity, increased by 12 percent through September, to $27 billion. The inflation adjusted growth rate is at eight percent. The unemployment rate fell to 2.9 percent through September. Inflation-adjusted total personal income grew by five percent through June, 1989.

This upbeat picture of the Hawaiian economy, however, is marred by the labor shortage. Bottlenecks are occurring across all industries. Total jobs for the state increased by three percent through September, while the civilian labor force increased by one percent. Job count gains in the construction and hotel service job categories were the largest, at 16 and 9 percent, respectively.

Tourism, our largest industry, continued to grow especially due to the rebound of the westbound market. The visitor count through September increased by nine percent to 5 million visitors; it is ahead of the 1988 growth rate. After a lackluster performance last year, the westbound market is surging ahead, up by 10 percent, to 3.5 million visitors. While the eastbound market had a 17-percent growth rate for 1988, as of September, the eastbound count is up by only five percent to 1.5 million visitors.

The neighbor islands' visitor industries are growing at a faster pace. As of September, the westbound market increased at a higher rate for the neighbor islands than for Oahu. In addition, the neighbor islands are getting a larger share of the Japanese overnight-and-longer visitors. From 1987 to 1988, of the Japanese visitors who visited Maui, those who stayed overnight-and-longer increased from 53 to 79 percent, for Kauai from 34 to 62 percent, and for the Big Island from 51 to 82 percent.

For 1990 the visitor industry is expected to grow moderately. The westbound market should grow at a reduced pace reflecting only moderate growth in the national economy. The expanding Japanese economy will be a positive factor for Japanese travel to the islands. The overall visitor count should grow between five and seven percent.

The construction industry is having a banner year in 1989, and growth is expected to continue in 1990. Construction put-in-place, through September, was ahead by 24 percent to $2.3 billion. There are a number of major hotel, commercial, and residential projects underway or being planned. Total private permits authorized, through September, were ahead by 38 percent to $1.4 billion. In addition, government contracts awarded were ahead by three percent to $453 million through September. Given the interest rate environment and the snowballing demands for affordable housing, the value of construction activity should increase by 15 to 25 percent for 1990.

The residential real estate industry reached $2.1 billion in resales for 1988. As of September, resales were ahead by 21 percent to $1.9 billion. The number of single-family and condominium units sold increased by four and six percent, respectively, to 3,234 and 5,739 units. An acceleration of the present real estate growth-rate is not expected. Given the interest and inflation rate expectations, the value of real estate resales should grow by 5 to 15 percent in 1990.

The military sector will be mixed for 1990. Defense expenditures for the second quarter, 1989, rose by four percent to $1 billion, below the rate of inflation. As of July, 1989, there was a 12-percent reduction in military personnel statewide. Total defense expenditures for 1990 are expected to remain stable.

The agriculture industry is also expected to be mixed for 1990. While sugar production is down by 12 percent through September, fresh pineapple outshipments are ahead marginally. The job counts, through September, for sugar and pineapple were down by eight and seven percent, respectively. Diversified agriculture is expected to be up overall, with the leading crops being coffee, macadamia nuts, and papaya.

As of September, 1989, the retail industry experienced a 10-percent sales increase. With the prospects of a solid Hawaiian economy and moderate growth in tourism, retail sales are expected to increase in the range of 5 to 10 percent for 1990.

The outlook for the Hawaiian economy in 1990 calls for moderate growth. Due to a slower-growing national economy, the visitor industry is expected to experience moderate growth next year. The interest and inflation rate environments will be positive factors for the construction and real estate industries. Military spending is expected to be stable. Agriculture is expected to be mixed, and retail sales growth should remain positive. First Hawaiian Bank projections indicate that Hawaii's real gross state product will grow by six percent in 1989 and expectations are for four percent in 1990. Inflation-adjusted total personal income should grow by five percent in 1989 and by three percent in 1990. The Hawaiian economy should expand at a moderate rate in 1990.

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NOVEMBER/DECEMBER FEATURE STORY: HAWAII HOUSING TRENDS

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CURRENT BUSINESS TRENDS

Strong activity in tourism and construction propelled the Hawaiian economy to exceptional growth through the first nine months of 1989. Gross business receipts, a measure of general economic activity, was up by 12 percent, through September, to $27 billion. Oahu had the greatest increase at 13 percent with $23 billion in receipts. Hawaii experienced a 10 percent increase and Kauai and Maui were four and three percent ahead of last year.

Hawaii's unemployment rate remained the lowest in the nation in September. With the state's job count growing to 521,900 positions, through September, the average unemployment rate fell to 2.9 percent. Oahu's average unemployment rate was at 2.6 percent. Maui county had the next lowest rate at 3.1 percent. Kauai had an unemployment rate of 3.3 percent. Hawaii County had the highest unemployment rate at 4.8 percent.

The visitor industry is having its best year since 1986. The overall visitor count for Hawaii was 5,011,740 visitors, through September, up by nine percent over last year. The westbound market led the way with 3,490,470 visitors coming to the islands, an increase of 10 percent. The eastbound arrivals also increased by five percent to 1,521,270 visitors. Neighbor Island visitor growth was especially brisk for the first nine months of 1989. The Big Island's 30 percent increase in westbound visitors led the way.

Hotels reported occupancy rates up from last year. The statewide average occupancy rate this September came to 80 percent, up from 79 percent for the same period last year. Big Island and Kauai hotels experienced the greatest increases; their average occupancy rates at 61 and 72 percent were up from 56 and 67 percent a year ago.

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	3rd Qtr.	5,273p	1.4	7.0
In 1982 Dollars	bil. $	3rd Qtr.	4,158p	0.6	2.8
PERSONAL INCOME**	bil. $	Sept.	4,469p	0.3	8.5
INTEREST RATES					
AVERAGE PRIME RATE	percent	October	10.00	0.0	10.3
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	August	421.8p	1.8	3.4
CONSTRUCTION COST INDEXES:					
Residences	1967 = 100	July	127.4	0.6[1]	3.7
Apts., Hotels, Office Bldgs.	1967 = 100	July	124.8	0.5[1]	3.5
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	Sept.	117,456	−0.1	1.8
UNEMPLOYMENT*	thous.	Sept.	6,584	2.5	−0.5
UNEMPLOYMENT RATE*	percent	Sept.	5.3	1.9	−1.9
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982-84 = 100	Sept.	123.6	0.3	4.3
All Urban Consumers	1982-84 = 100	Sept.	125.0	0.3	4.3
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	Sept.	113.5p	0.2	4.5
All Commodities	1982 = 100	August	112.0p	−0.6	3.7

r = revised
p = preliminary.
[1]Compared to May, 1989.
**Seasonally adjusted.*
***Seasonally adjusted at annual rates.*

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Sept.	27,153.7	.....	11.9
Oahu	mil. $	Jan.-Sept.	23,220.2	.....	13.0
Maui County	mil. $	Jan.-Sept.	1,593.4	.....	2.7
Hawaii	mil. $	Jan.-Sept.	1,736.9	.....	10.0
Kauai	mil. $	Jan.-Sept.	603.1	.....	3.8
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Sept.	502.8	.....	8.7
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Sept.	241.0	.....	3.6
RETAILING	mil. $	Jan.-Sept.	9,267.9	.....	9.9
WHOLESALING	mil. $	Jan.-Sept.	7,143.3	.....	14.9
SERVICES	mil. $	Jan.-Sept.	6,246.7	.....	9.8
OAHU NEW CAR SALES	number	Jan.-Sept.	30,001p	.....	−2.4
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982-84 = 100	1st half 89	127.4e	2.3[1]	5.2
All Urban Consumers	1982-84 = 100	1st half 89	126.4e	2.4[1]	5.2
TOURISM					
VISITOR EXPENDITURES	mil. $	1988	9,200p	.....	39.4
OVERNIGHT OR LONGER VISITORS	number	Sept.	498,790p	−22.7	6.2
	number	Jan.-Sept.	5,011,740p	.....	8.7
Westbound	number	Sept.	336,170p	−24.5	7.3
	number	Jan.-Sept.	3,490,470p	.....	10.3
Eastbound	number	Sept.	162,620p	−18.6	4.1
	number	Jan.-Sept.	1,521,270p	.....	5.3
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Sept.	127,750p	.....	11.6
AVERAGE LENGTH OF STAY	no. of days	Jan.-Sept.	10.0p	.....	1.0
MEETING ATTENDANCE	number	Jan.-Sept.	203,221	.....	−2.9
ORGANIZED GROUP TOURS	number	Jan.-Sept.	507,230p	.....	17.0
VISITOR COUNT BY COUNTY[2]					
Oahu	number	Sept.	233,530p	−25.7	2.6
	number	Jan.-Sept.	2,369,860p	.....	5.4
Maui County	number	Sept.	144,130p	−22.9	4.3
	number	Jan.-Sept.	1,558,690p	.....	10.0
Hawaii	number	Sept.	70,110p	−29.7	25.8
	number	Jan.-Sept.	656,400p	.....	29.8
Kauai	number	Sept.	90,780p	−39.1	6.7
	number	Jan.-Sept.	918,530p	.....	17.8

p = preliminary. e = estimated.
[1]Compared to 2nd Half 1988.
[2]Estimated Westbound

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb. 1989	68,189	.....	−1.2
Oahu	number	Feb. 1989	36,739	.....	−2.9
Waikiki	number	Feb. 1989	32,743	.....	−2.7
Maui (Island)	number	Feb. 1989	15,444	.....	5.8
Molokai	number	Feb. 1989	574	.....	1.2
Lanai	number	Feb. 1989	10	.....	0.0
Hawaii	number	Feb. 1989	8,171	.....	−7.4
Kauai	number	Feb. 1989	7,251	.....	1.0
HOTEL OCCUPANCY:					
STATE	percent	Sept.	75.5	−12.8	−0.8
		Jan.-Sept.	80.1	.....	0.9
Oahu	percent	Sept.	85.1	−9.7	−0.1
		Jan.-Sept.	87.7	.....	1.4
Maui (Island)	percent	Sept.	60.6	−18.3	−7.9
		Jan.-Sept.	70.6	.....	−5.4
Hawaii	percent	Sept.	51.0	−24.6	7.4
		Jan.-Sept.	61.3	.....	9.3
Kauai	percent	Sept.	72.4	−13.9	7.4
		Jan.-Sept.	72.4	.....	7.4
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 2nd Qtr.	1,028.1[3]	.....	3.9
Military Payroll	mil. $	Yr. to 2nd Qtr.	459.8	.....	2.9
Civilian Payroll	mil. $	Yr. to 2nd Qtr.	332.7	.....	3.6
Local Purchases	mil. $	Yr. to 2nd Qtr.	235.6[3]	.....	6.3
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1988	209.9	.....	−3.7
SUGAR PRODUCTION	thous. tons	Jan.-Sept.	687.3	.....	−11.6
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Sept.	471.8	.....	8.3
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1988	107.4	.....	8.2
FRESH	thous. lbs.	Jan.-Sept.	202.7	.....	0.7
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1988	167,267	.....	13.2
FLOWERS & NURSERY PRODUCTS	thous. $	1988	59,646	.....	9.0
Anthurium Outshipments[4]	th. dozens	Jan.-Aug.	596.5	.....	−26.6
Potted Foliage Plants	thous. $	1988	12,424	.....	−6.8
FRUITS & NUTS	thous. $	1987	53,339	.....	3.0
Papaya Sales	th. lbs.	Jan.-Sept.	47,045	.....	19.6
Average Farm Price	cents/lb.	Jan.-Sept.	20.0	−4.8	22.7
Macadamia Nut Sales (in shell)	th. lbs.	1988	45,500	.....	6.6
Average Farm Price	cents/lb.	1988	90.0	.....	7.1
VEGETABLES AND MELONS[5]	th. lbs.	Jan.-Sept.	47,803	.....	−14.2
LIVESTOCK	thous. $	1987	87,939	.....	5.4
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Aug.	23,978	.....	13.0
Average Farm Price (Feedlot Beef)	cents/lb.	August	91.5	0.5	2.2
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Aug.	4,163	.....	−0.4
Average Farm Price	cents/lb.	August	105.0	1.0	4.0
MILK PRODUCTION	mil. lbs.	Jan.-Aug.	105.5	.....	−2.5
Average Price Sold to Plants	$/100 lbs.	August	20.78	−0.1	2.5
EGG PRODUCTION	mil.	Jan.-Sept.	168.9	.....	0.4
Average Farm Price	cents/doz.	Sept.	81.0	1.9	3.8
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Sept.	6,322	.....	4.4
GAS SALES	th. therms.	Jan.-Sept.	39,115	.....	3.2
TELEPHONE LINES IN SERVICE	thous.	Sept.	548.2	.....	5.0

e = estimate
p = preliminary.
[3]Excludes Naval contract purchases from vendors in the State of Hawaii.
[4]From Hawaii County.
[5]Includes snap beans, cabbage, celery, sweet corn, cucumber, onions, green peppers, tomatoes, and watermelons.

The construction industry is having a banner year in 1989. Through the first three quarters, the value of actual construction came to $2 billion, up by 24 percent over the same period in 1988. Private permit data indicate both residential and nonresidential construction should remain strong in the near future. The value of private permits authorized for residential projects was $592 million through June, up by 47 percent over last year. The value of permits for nonresidential projects also increased by 34 percent to $367 million.

The value of government construction projects continued to grow, but at a slower pace than last year. Total public contracts awarded through September were at $453 million, up by three percent. Last year, at this time, public contracts were up by 41 percent. The state contributed $229 million in contracts. Federal government and county contracts amounted to $63 and $161 million.

Hawaii's two major crops, sugar and pineapple, are experiencing slowdowns in 1989. Sugar production is down by 12 percent, through September, at 687,262 tons. Pineapple outshipments were only one percent higher than last year with 203 million pounds shipped.

Diversified agriculture is having a mixed year in 1989. Vegetable and melon production was down by 14 percent, through September, at 48 million pounds. Anthurium outshipments decreased 27 percent, through August, to 596,500 dozens shipped. Papaya sales, on the other hand, were up by 25 percent with 47 million pounds produced. Cattle production was also up by 13 percent, through August, with 24 million pounds produced.

There is nothing mixed about Hawaii's real estate market. For the state, sales activity in the single-family home market increased by four percent through September, while the average price went up by 13 percent to $295,628. Condominium sales were up by six percent with the average price at $166,929, up by 17 percent.

The increased activity in the economy's different sectors has translated into greater tax collections by the state. As of September, state tax collections totalled about $2 billion, 13 percent higher than in 1988.

Hawaii is headed for its seventh straight year of growth in 1989. Data for the first nine months of the year show tourism, construction, real estate, and some diversified agriculture crops enjoying robust growth. With continued strength in these sectors, Hawaii can look forward to further expansion in 1990.

HAWAII'S HOUSING TRENDS

The ability to purchase a home is the American Dream. However, in spite of the unprecedented growth of the Hawaiian economy through the 1980s, this dream has turned into a nightmare for many residents. As the new decade starts, it is appropriate to reflect on the housing situation in Hawaii and to look forward to the year 2000.

The National Association of Realtors recently reported that Honolulu had the highest median home price in a survey of U.S. metropolitan areas, for the third quarter, 1989. Honolulu's median price of $275,000 reflected a 22-percent increase over the same period last year.

A major portion of Hawaii's housing inventory is not owner occupied. During 1970 to 1988, 41 to 42 percent of Hawaii's housing units were owner occupied, and this compares unfavorably with the national average of 63 to 64 percent. In other words, almost 60 percent of the total housing inventory is used in the residential or visitor rental markets. In 1988, 21,120 condominium units, or 31 percent of all condominium units in the state, were intended for the visitor market.

While most of Hawaii's households are renters, rent increases were in the middle range compared to other metropolitan areas. According to the Consumer Price Index Detailed Report, rent in Honolulu was 32 percent higher during the second half of 1988 than the base year, 1982. Of the 27 areas selected for review, 11 areas experienced greater increases than Honolulu. Nevertheless, rent increases in Honolulu outpaced the general level of inflation. The Honolulu Consumer Price Index rose at a much lower rate of 25 percent during the same period.

Hawaii's high housing costs have most likely led to higher housing densities. While the national household density stood at 2.75 persons per household in 1980, Hawaii had the second highest household density at 3.15 persons per household. This allowed housing costs to be spread among more household members. In addition, Hawaii was ranked last in the percentage of one-person households.

Hawaii's tight housing market has led to an active real estate industry. In 1987, Hawaii was ranked sixth in the percentage increase of existing home sales. Furthermore, total residential resales for 1988 amounted to $2.1 billion, slightly higher than total military expenditures, and represented a 22-percent increase from the previous year.

Looking back at the market during the 1980s, from 1982 to 1985, real estate resale prices were soft; they dropped or

business activity in hawaii [cont.]

Series		Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE						
STATE:		thous. $	Jan.-Sept.	2,331,707	.....	24.2
Oahu		thous. $	Jan.-Sept.	2,009,918	.....	24.8
Maui County		thous. $	Jan.-Sept.	132,223	.....	30.2
Hawaii		thous. $	Jan.-Sept.	140,277	.....	13.0
Kauai		thous. $	Jan.-Sept.	49,289	.....	19.8
HONOLULU CONSTRUCTION COST INDEXES						
SINGLE FAMILY		1982 = 100	Sept.	139.4	0.8	4.5
HIGH-RISE		1982 = 100	Sept.	134.4	1.3	6.6
PRIVATE PERMITS AUTHORIZED						
STATE:	RESIDENTIAL	thous. $	Jan.-June	592,028	.....	46.7
	Single Family Units	number	Jan.-June	2,965	.....	4.4
	Multiple Family Units	number	Jan.-June	2,052	.....	63.8
	NONRESIDENTIAL	thous. $	Jan.-June	366,985	.....	34.0
OAHU:	RESIDENTIAL	thous. $	Jan.-Sept.	437,582	.....	29.2
	Single Family Units	number	Jan.-Sept.	1,412	.....	−16.5
	Multiple Family Units	number	Jan.-Sept.	1,556	.....	78.9
	NONRESIDENTIAL	thous. $	Jan.-Sept.	318,462	.....	28.1
MAUI CO.:	RESIDENTIAL	thous. $	Jan.-June	120,061	.....	51.3
	Single Family Units	number	Jan.-June	534	.....	−28.4
	Multiple Family Units	number	Jan.-June	662	.....	131.5
	NONRESIDENTIAL	thous. $	Jan.-June	37,947	.....	−53.4
HAWAII:	RESIDENTIAL	thous. $	Jan.-Sept.	162,262	.....	57.0
	Single Family Units	number	Jan.-Sept.	1,700	.....	27.9
	Multiple Family Units	number	Jan.-Sept.	416	.....	−10.0
	NONRESIDENTIAL	thous. $	Jan.-Sept.	107,189	.....	220.3
KAUAI:	RESIDENTIAL	thous. $	Jan.-Sept.	101,521	.....	53.5
	Single Family Units	number	Jan.-Sept.	553	.....	−0.2
	Multiple Family Units	number	Jan.-Sept.	42	.....	121.1
	NONRESIDENTIAL	thous. $	Jan.-Sept.	34,332	.....	30.3
PUBLIC CONTRACTS AWARDED						
STATE		thous. $	Jan.-Sept.	452,728	.....	3.3
Oahu		thous. $	Jan.-Sept.	337,563	.....	14.9
Maui County		thous. $	Jan.-Sept.	44,364	.....	−44.1
Hawaii		thous. $	Jan.-Sept.	14,923	.....	−65.6
Kauai		thous. $	Jan.-Sept.	19,879	.....	−8.1
BY LEVEL OF GOVERNMENT:						
Federal		thous. $	Jan.-Sept.	62,660	.....	−18.4
State		thous. $	Jan.-Sept.	228,725	.....	−23.5
County		thous. $	Jan.-Sept.	161,342	.....	159.1
REAL ESTATE RESALES						
STATE:	Single Family	number	Jan.-Sept.	3,243	.....	4.2
	Average Price	dollars	Jan.-Sept.	295,628	.....	13.3
	Condominium	number	Jan.-Sept.	5,739	.....	5.7
	Average Price	dollars	Jan.-Sept.	166,929	.....	17.2
OAHU:	Single Family	number	Jan.-Sept.	1,956	.....	−1.2
	Average Price	dollars	Jan.-Sept.	348,296	.....	12.7
	Condominium	number	Jan.-Sept.	4,356	.....	2.2
	Average Price	dollars	Jan.-Sept.	160,919	.....	17.1
MAUI CO.:	Single Family	number	Jan.-Sept.	380	.....	−3.6
	Average Price	dollars	Jan.-Sept.	283,996	.....	20.6
	Condominium	number	Jan.-Sept.	872	.....	10.0
	Average Price	dollars	Jan.-Sept.	202,197	.....	13.8
HAWAII:	Single Family	number	Jan.-Sept.	717	.....	22.1
	Average Price	dollars	Jan.-Sept.	174,076	.....	31.8
	Condominium	number	Jan.-Sept.	302	.....	56.5
	Average Price	dollars	Jan.-Sept.	156,024	.....	25.1
KAUAI:	Single Family	number	Jan.-Sept.	190	.....	34.8
	Average Price	dollars	Jan.-Sept.	235,385	.....	9.2
	Condominium	number	Jan.-Sept.	209	.....	15.5
	Average Price	dollars	Jan.-Sept.	160,928	.....	26.8

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1988	1,218.8	.....	1.5
Total Resident Population	thous.	July 1, 1988	1,098.2	.....	1.5
OAHU:					
Total De Facto Population	thous.	July 1, 1988	902.6	.....	1.2
Total Resident Population	thous.	July 1, 1988	838.5	.....	1.1
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1988	125.0	.....	1.8
Total Resident Population	thous.	July 1, 1988	93.0	.....	3.0
HAWAII:					
Total De Facto Population	thous.	July 1, 1988	126.3	.....	2.4
Total Resident Population	thous.	July 1, 1988	117.5	.....	2.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1988	64.9	.....	3.3
Total Resident Population	thous.	July 1, 1988	49.3	.....	2.9
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1988	1,04[illegible]4	.....	1.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1989	56,370	.....	−12.0
Ashore	number	July 1, 1989	53,263	.....	−12.1
Afloat	number	July 1, 1989	3,107	.....	−9.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1989	60,274	.....	−13.8
FOREIGN IMMIGRATION[1]	number	Jan.-Sept.	4,466	.....	36.0

p = preliminary
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	2nd Qtr.	19,936p	2.7	10.3
EMPLOYMENT INCOME[1]	mil. $	2nd Qtr.	15,258p	2.7	10.0
Manufacturing	mil. $	2nd Qtr.	633p	2.1	5.9
Construction & Mining	mil. $	2nd Qtr.	1,312p	5.0	30.3
Wholesale	mil. $	2nd Qtr.	614p	2.3	13.1
Retail	mil. $	2nd Qtr.	1,787p	1.1	9.1
Finance, ins., & Real Estate	mil. $	2nd Qtr.	1,089p	7.6	9.2
Trans., Comm., & Util.	mil. $	2nd Qtr.	1,333p	3.3	17.3
Services	mil. $	2nd Qtr.	4,021p	3.4	8.1
Farm & Other	mil. $	2nd Qtr.	370p	−1.9	6.9
Federal Civilian	mil. $	2nd Qtr.	1,097p	0.9	5.4
Federal Military	mil. $	2nd Qtr.	1,399p	0.1	3.2
State & Local	mil. $	2nd Qtr.	1,602p	2.2	7.1
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	2nd Qtr.	3,073p	3.5	15.4
TRANSFER PAYMENTS ($2,617 minus personal contributions for social insurance $1,013)	mil. $	2nd Qtr.	1,604p	0.8	3.8
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1988	16,753	.....	7.6
Oahu	dollars	1987	16,412	.....	7.0
Maui County	dollars	1987	14,352	.....	5.8
Hawaii	dollars	1987	12,455	.....	6.3
Kauai	dollars	1987	13,085	.....	6.0

***Total personal income and all components are seasonally adjusted at annual rates.*
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

WAIIAN BANK

only rose moderately. The greatest increase in single-family home prices appeared in 1987, when prices rose by 26 percent. Condominium prices are on an upward trend. The current 1989 price increase of 18 percent is the highest since 1986. Apparently, the market has shifted to condominiums since they tend to be more affordable.

Construction costs in Hawaii are higher. Nationally, residential construction costs increased by 22 percent from 1982 to 1988, or at an annual rate of 3.7 percent. However, Honolulu's single-family construction cost index showed a 33-percent rise, resulting in an annual increase of 5.5 percent.

Much has also been said about Hawaii's high housing prices being caused by the short supply of land available for housing. As of 1988, four percent of the state's land mass was zoned as urban with the rest zoned as agriculture, conservation, or rural. In addition, only 13 percent of the total farm acreage was used for crops in 1987. This limited supply of land available for housing naturally creates and protects the high value of real estate.

High housing costs are not new. The Federal Housing Administration estimated that in 1960, the average market price of residential sites in Hawaii was $6,502, or two and a half times the U.S. average. By 1980, Hawaii's average price rose to $60,048, or five and a half times the U.S. average of $11,004. Moreover, the average lot size in Hawaii was half the size on the U.S. mainland, which works out to $10.18 versus $0.86 per square foot.

Housing construction has not kept pace with the housing needs of the 1980s. From 1980 to 1986, the residential housing inventory increased by eight percent, statewide. The Big Island and Kauai County's inventory rose by 19 percent, Maui County's housing inventory rose by 13 percent, and Honolulu's inventory rose by five percent. Notwithstanding, the state's Housing Finance and Development Corporation (HFDC) estimated that there was a shortfall of 20,222 units statewide based on the number of households formed during that period.

Future housing demands will be determined by demographic and employment considerations. According to projections by the Department of Business and Economic Development, Hawaii can expect to have 1.3 million residents by the year 2000, reflecting a 22-percent increase from 1985. Neighbor island growth is expected to exceed Honolulu growth. While Honolulu's population is forecasted to increase by 15 percent, Kauai's population is

forecasted to increase by 51 percent, the Big Island by 47 percent, and Maui by 45 percent. By the year 2000, the neighbor islands are expected to have 27 percent of the population whereas in 1980, they had 21 percent.

Another factor increasing housing demand is the downward trend in household density. In 1950, there was an average of 4.14 persons per household. That ratio decreased to 3.87 persons in 1960, to 3.59 persons in 1970, and to 3.15 persons in 1980.

According to the forecasted resident population of 1.3 million persons for 2000, and assuming that four percent will live in group quarters, the HFDC estimates that the state will need 85,763 additional residential units over the 1986 number. This assumes that the expected household density is three persons per household. Of these additional units, 64,322 units, or 75 percent, should be affordable.

Future housing demand is also dependent on income levels. The major source of current and near future employment for Hawaii's population will be the service sector. As of 1985, 71 percent of all jobs were in the service sector, and the proportion is expected to rise to 75 percent by 2000.

Historically, a normal characteristic of service industry jobs has been the low pay. However, the average annual wages of such service industries as medical and other health services, finance, insurance, real estate, wholesale trade, utilities, communication, and transportation were above Hawaii's average annual wage of $19,060 in 1987. Employees in such industries amounted to 36 percent of the total private-service employees. The average wage of government employees was also above the all-industry average.

In addition, by 2000, jobs in retail, eating and drinking establishments, and hotels are projected to make up 25 percent of all jobs in the state, up by two percentage points from 1985. In considering today's labor shortage and visitor industry growth especially on the neighbor islands, wages in these industries are being bid up. Hawaii's service economy may be less responsible in the future for the unaffordability of housing.

Hawaii, like many other states, has special housing need groups. Many affordable housing developments focus on the gap group families, those with incomes too high for government-assisted rental housing and too low for conventional financing for market priced homes. These families usually fall within 80 and 120 percent of an area's median income. However, there

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	September	523.7p	−2.1	2.6
Employment	thous.	September	512.1p	−2.5	3.3
Unemployment	thous.	September	11.6p	19.6	−20.0
Unemployment Rate	percent	September	2.2p	22.2	−21.4
OAHU:					
Civilian Labor Force	thous.	September	385.8p	−1.9	2.6
Employment	thous.	September	377.8p	−2.3	3.1
Unemployment	thous.	September	8.0p	23.1	−16.7
Unemployment Rate	percent	September	2.1p	23.5	−19.2
MAUI COUNTY:					
Civilian Labor Force	thous.	September	52.7p	−3.7	1.5
Employment	thous.	September	51.5p	−4.1	2.2
Unemployment	thous.	September	1.2p	20.0	−20.0
Unemployment Rate	percent	September	2.2p	29.4	−24.1
HAWAII:					
Civilian Labor Force	thous.	September	58.1p	−1.9	3.9
Employment	thous.	September	56.3p	−2.1	5.4
Unemployment	thous.	September	1.8p	5.9	−28.0
Unemployment Rate	percent	September	3.0p	3.4	−31.8
KAUAI:					
Civilian Labor Force	thous.	September	27.2p	−1.4	3.4
Employment	thous.	September	26.5p	−2.2	4.3
Unemployment	thous.	September	0.7p	16.7	−22.2
Unemployment Rate	percent	September	2.2p	15.8	−37.1
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	September	535.5p	−1.0	3.1
Oahu	thous.	September	410.5p	−0.9	2.9
Maui County	thous.	September	47.8p	−2.8	2.1
Hawaii	thous.	September	51.5p	−0.8	4.9
Kauai	thous.	September	25.7p	−0.8	4.5
SUGAR (Mill and Field)	thous.	September	6.1p	−1.6	−9.0
PINEAPPLE (Cannery and Field)	thous.	September	3.3p	−17.5	−10.8
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	September	17.7p	0.6	1.7
Durable Goods	thous.	September	4.4p	0.0	4.8
Non-Durable Goods	thous.	September	13.3p	0.8	0.8
Apparel and Textiles	thous.	September	2.5p	0.0	−7.4
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-employed)	thous.	September	8.5p	0.0	−2.3
CONTRACT CONSTRUCTION	thous.	September	28.1p	1.4	18.1
TRANSPORTATION	thous.	September	30.3p	1.0	7.4
COMMUNICATION	thous.	September	7.2p	0.0	−2.7
UTILITIES	thous.	September	2.8p	0.0	3.7
RETAIL TRADE	thous.	September	108.5p	−0.9	1.4
WHOLESALE TRADE	thous.	September	21.2p	−0.5	1.9
FINANCE, INSURANCE AND REAL ESTATE	thous.	September	36.0p	0.3	2.6
HOTEL SERVICES—STATE	thous.	September	36.9p	−1.3	3.9
Oahu	thous.	September	18.4p	−1.6	2.8
Maui County	thous.	September	8.2p	−1.2	1.2
Hawaii	thous.	September	6.2p	−1.6	12.7
Kauai	thous.	September	4.2p	0.0	2.4
OTHER SERVICES	thous.	September	101.7p	0.6	3.9
FEDERAL GOVERNMENT	thous.	September	33.1p	−0.6	−0.6
Civilian Agencies	thous.	September	13.1p	0.0	−0.8
Defense Department	thous.	September	20.0p	−1.0	−0.5
STATE GOVERNMENT	thous.	September	47.5p	−4.6	3.7
COUNTY GOVERNMENT	thous.	September	14.2p	−8.4	3.6
NON-AGRICULTURE SELF-EMPLOYED	thous.	September	33.0p	−1.5	3.4

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE					
Insured Unemployment (Wkly Avrg) ..	number	September	4,756	−12.3	−20.7
Intrastate Initial Claims	number	Jan.-Sept.	35,014	.....	−12.0
Interstate Initial Claims	number	Jan.-Sept.	2,069	.....	−14.5
Unemployment Insur. Benefits	thous. $	Jan.-Sept.	31,555	.....	−20.4
INCOME MAINTENANCE:					
Recipients[1]	no. persons	September	52,011	1.3	4.8
Payments	thous. $	Jan.-Sep.	85,852	.....	11.7
MEDICAL ASSISTANCE:					
Recipients[1]	no. patients	September	50,504	12.4	7.8
Payments	thous. $	Jan.-Sept.	144,261	.....	10.8
FOOD STAMPS:					
Recipients[1]	no. persons	August	79,135	−0.5	−2.0
Payments	thous. $	Jan.-Aug.	48,856	.....	−3.3
SERVICES:					
Recipients[1]	no. cases	2nd Qtr.	7,654	3.2	−1.0
Payments	thous. $	2nd Qtr.	4,925	.....	1.0

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	Sept.	10,896.8	2.6	13.6
Debits To Demand Deposits	mil. $	Sept.	15,809.3	10.3	47.0
OAHU:					
Total Deposits	mil. $	Sept.	8,985.2	3.0	13.3
Debits To Demand Deposits	mil. $	Sept.	14,514.0	11.7	50.0
MAUI:					
Total Deposits	mil. $	Sept.	792.6	1.2	16.4
Debits To Demand Deposits	mil. $	Sept.	577.6	2.4	27.4
HAWAII:					
Total Deposits	mil. $	Sept.	751.9	−0.4	15.2
Debits To Demand Deposits	mil. $	Sept.	464.4	−7.8	11.9
KAUAI:					
Total Deposits	mil. $	Sept.	367.0	1.5	13.0
Debits To Demand Deposits	mil. $	Sept.	253.2	−5.9	19.9
BANK LOANS OUTSTANDING STATE:[1]	mil. $	2nd Qtr.	7,348.1	4.9	22.0
Real Estate	mil. $	2nd Qtr.	3,481.1	5.3	26.1
Consumer	mil. $	2nd Qtr.	1,212.2	1.4	7.2
Commerical & Industrial	mil. $	2nd Qtr.	2,100.6	2.9	19.1
Other	mil. $	2nd Qtr.	423.6	16.6	54.4
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	Sept.	10.3	10.8	12.0
SAVINGS & LOAN ASSOCIATIONS:[2]					
Total Deposits	mil. $	July	4,740.0	1.9	14.8
Total Loans	mil. $	July	123.3	−16.0	−2.1
Mortgage Loans	mil. $	July	105.7	−16.0	−4.4
TAX COLLECTIONS:[3]					
STATE	thous. $	Jan.-Sept.	1,819,121	.....	13.4
Oahu	thous. $	Jan.-Sept.	1,572,678	.....	14.1
Maui County	thous. $	Jan.-Sept.	114,186	.....	15.0
Hawaii	thous. $	Jan.-Sept.	98,664	.....	16.6
Kauai	thous. $	Jan.-Sept.	43,593	.....	5.4

[1]Figures contain domestic balances only.
[2]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[3]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.

are other groups that also have difficulty dealing with Hawaii's housing market. In Honolulu, alone, the city estimated that as of 1988, there were 6,960 persons physically or mentally handicapped on rental subsidies, 23,240 single-parent households, 264 persons with AIDS, 2,500 persons homeless, and 14,100 persons elderly or handicapped. Of the various government programs designed to assist with the housing needs in Hawaii, the Federal government's Section 8 rental subsidy program has over $31 million in rental subsidies for 1989 for their existing unit program.

The elderly may represent a growing need group, especially since they must cope with the housing situation on fixed incomes. The population of those aged 65 plus is expected to increase from nine percent of the population in 1985 to 13 percent in 2000. In Hawaii, people are expected to live longer than in other states (78 years). As of 1987, Hawaii was ranked forty-third in the nation for those aged 65 plus as a percent of the resident population. Hence, Hawaii's present older population is relatively small compared to the rest of the nation.

Notwithstanding, the elderly caught in the housing crisis may be at an extreme disadvantage. According to the state's Executive Office on Aging, the median education level of the elderly population in the U.S. was higher. In comparing the U.S. and Hawaii statistics, the median years of schooling was 11 versus five to eight years, the high school completion rate was 46 versus 21 percent, and the percent of the elderly population with at least four years of college education was 10 versus nine percent. Since higher education levels usually lead to higher incomes and the increased potential to be homeowners, Hawaii's elderly caught in the housing pinch have a bleak future.

In spite of the seemingly unending need for housing, the state estimated that by 2000, almost the entire demand for affordable housing can possibly be met. Of the 64,322 affordable units needed, 15,355 units are projected to be built without any specific public policy intervention. Of the 48,967 remaining needed units, 95 percent can possibly be produced with direct policy response.

Given the projected increases in population, fulfilling the expected housing demand will be a challenge. There are those who may never experience the "American Dream" of home ownership. Government and private-sector efforts to develop housing are welcome in Hawaii. Realizing home ownership will always be a goal for many residents, while continuing to be no more than a dream for some.

ECONOMIC INDICATORS

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by the Research Department, First Hawaiian Bank
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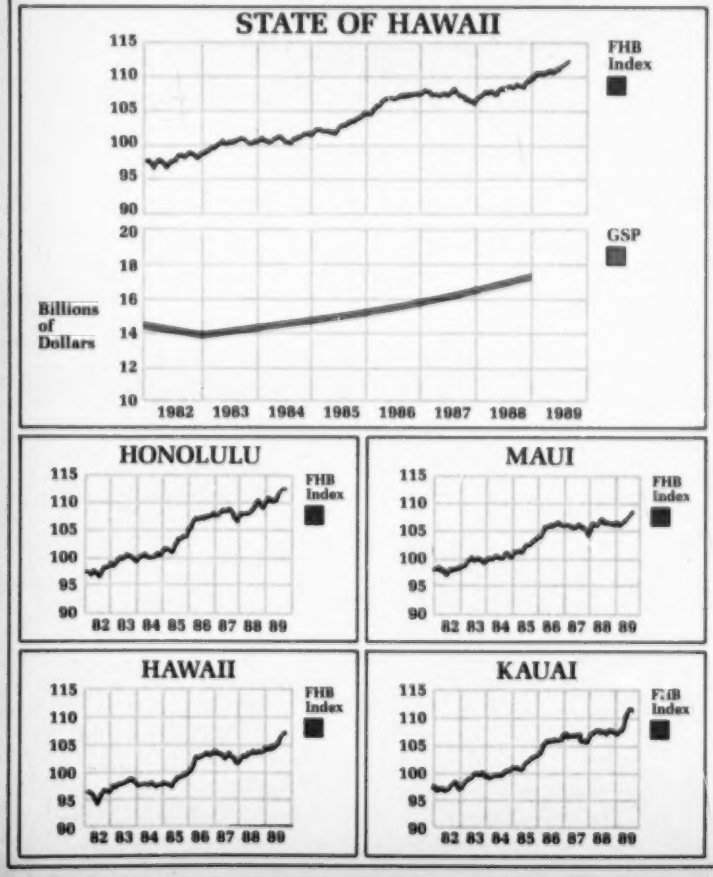

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators for the State of Hawaii increased by 0.3 percent for September. This is the fourth consecutive monthly increase and indicates continued growth into 1990. Of the ten index components, the Hawaii-stock and money-supply indicators increased, the interest-rate indicator remained stable, and the average-workweek-hour and inflation indicators decreased. Also, strengths in the credit-demand, tourism, and public-construction indicators were offset by weakness in the private-construction indicator. The unemployment indicator remained stable. At the county level, the Honolulu and Maui County indexes rose, the Hawaii County index remained stable, and the Kauai County index decreased. Honolulu County experienced strengths in the credit-demand, tourism, and public-construction indicators. Maui County experienced strengths in the credit-demand and tourism indicators. For Hawaii County, only the credit-demand indicator rose. Kauai County experienced strengths in the private-construction and credit-demand indicators.

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank | January/February 1990

Air Transportation Growth in Hawaii

Hawaii experienced tremendous tourism growth in the 1980s. From 1980 to 1989, the total visitor count increased from 3.9 to 6.6 million visitors. The eastbound market share increased from 23 to 30 percent. Growth of the air transportation industry led this expansion. From 1980 to 1988, there were 33- and 55-percent increases in interisland and overseas passenger activities, respectively. The visitor industry of the 1990s may have difficulty matching the growth of the 1980s, however, the air transportation industry will continue to grow.

The most significant change in the 1980s was the effect of the Airline Deregulation Act of 1978. Only the Honolulu International Airport and the Hilo International Airport were designed to handle overseas flights; the other airports were designed as interisland airports. With deregulation, airlines have been flying into the Keahole, Kahului, and Lihue airports directly from the mainland, even though they cannot takeoff fully loaded to fly to the mainland.

Today, potential increases in international air travel and airport expansion to accommodate this new development are setting the stage for the next round of visitor growth. The Narita-Honolulu route is the second busiest in the world. Japan Air Lines, United Airlines, and Northwest Airlines, serve that route under agreement between the U.S. and Japan.

Another U.S.-Japan passenger route was made available to a U.S. carrier when Federal Express merged with Flying Tigers. Both carriers had routes to Japan, making one route available for a passenger carrier. Aloha Airlines, Hawaiian Airlines, America West Airlines, Continental Airlines, and Delta Air Lines requested to fly between Japan and Honolulu, while American Airlines requested to fly between Tokyo and San Jose. One airline will be awarded a route. Upon approval by the federal government, service could start by summer.

In addition, the new 1989 Memorandum of Understanding between the U.S. and Japan provides expansion of air service between the two countries. All Nippon Airways and Japan Air Systems may also serve the Narita-Honolulu route. A decision by the U.S. government on whether more flights between Japan and Honolulu should be authorized for U.S. carriers instead of service to other U.S. destinations will be forthcoming. Twelve U.S. carriers have filed to provide service from 10 U.S. destinations. Six routes will be awarded to U.S. carriers.

New routes between Honolulu and Japan are good news for tourism. Japan is the largest foreign market, making up 20 percent of all visitors to Hawaii in 1988. The Japanese spend more, and attracting them will benefit the economy. According to the Hawaii Visitors Bureau, the number of visitor accommodation units will increase by seven percent in 1990. Oahu will have a one-percent increase, while the Big Island, Maui, and Kauai will see increases of 22, 10, and eight percent, respectively.

The state's major airports have planned developments which will help accommodate the growing air transportation demands. The Honolulu International Airport is to have a new $700 million international terminal. This should relieve the bottleneck when processing foreign visitors through customs, in particular the Japanese visitors, who complain about long delays. Construction is expected to start by spring 1990. It should begin handling international arrivals by 1992 and departures by 1993-94. A 45-minute transit time through customs is targeted.

The Keahole Airport has plans for the construction of an international terminal and a 4,500-foot extension of the runway by 1992 at an estimated cost of $74.4 million. No plans exist yet for direct flights between Keahole and Japan. However, this could come with a maturing of the Kona-Kohala resort area.

Maui's Kahului airport is the second busiest in the state. The interisland terminal is being enlarged and improved at a cost of $110 million. Roadway improvements will cost another $50 million.

Plans to extend the runway to turn Kahului into an international airport have been controversial. There are concerns about the adequacy of the existing infrastructure for supporting a larger airport. The business community's intuition is that an international airport will help tourism as this is the growth market. Maui's visitor industry is experiencing gains in visitor count, but its occupancy rate is not keeping pace due to visitor accommodation growth.

At the Lihue Airport, plans include expanding the older of two runways by 500 feet in length and by 50 feet in width for safety reasons. Plans for extending the newer runway to handle direct flights to the mainland are being discussed. Direct mainland flights would benefit Kauai's exports by increasing cargo space as well as provide a boost to tourism.

Increasing demands of a growing visitor industry set the stage where Hawaii will experience improved air transportation services. Competition from destinations such as Mexico, Hong Kong, and Australia, require that Hawaii have first-rate air transport facilities to complement tourism. Accommodating travel growth through airport developments is a wise investment.

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JANUARY/FEBRUARY FEATURE STORY: HEALTH CARE COSTS AND BUSINESS IN HAWAII

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CURRENT BUSINESS TRENDS

Led by tourism and construction, the Hawaiian economy continued its double-digit growth through November. Gross business receipts, a measure of general business activity, increased by 13 percent to $33 billion. Oahu and the Big Island led the growth with 14 and 12 percent increases, respectively. Maui and Kauai experienced five and two percent growth, respectively.

The continued economic expansion resulted in a 2.9 percent unemployment rate through November. While employment increased by two percent, the job count grew at a three-percent rate. Of the counties, Oahu had the lowest unemployment rate of 2.6 percent, followed by Maui and Kauai at 3.0 and 3.2 percent, respectively. The Big Island had a 4.6-percent rate of unemployment.

The visitor industry will have another record setting year. The total visitor count grew by eight percent to over six million visitors through November. The westbound visitor count increased by eight percent to 4.2 million visitors, and the eastbound visitor count increased by five percent to 1.8 million visitors. Oahu and Maui's westbound visitor counts grew by four and nine percent, respectively. The visitor count on the Big Island and Kauai grew by 25 and 15 percent, respectively.

Through November, the hotel occupancy rate increased marginally over the previous year, to 80 percent. Oahu, the Big Island, and Kauai experienced gains in hotel occupancy. Maui, however, experienced a four-percentage point decline, to 70 percent. A combination of shorter lengths-of-stay and larger hotel room inventory were attributed to Maui's decline, in spite of the growth of its westbound visitor market.

Construction was a lead industry for 1989. The value of construction activity

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	3rd Qtr.	5,281.0r	1.5	7.2
In 1982 Dollars	bil. $	3rd Qtr.	4,162.9r	0.7	0.0
PERSONAL INCOME**	bil. $	Nov.	4,541.0p	0.8	8.9
INTEREST RATES					
AVERAGE PRIME RATE	percent	Dec.	10.50	0.0	0.0
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	Oct.	420.1p	1.0	2.2
CONSTRUCTION COST INDEXES:					
Residences	1982 = 100	Sept.	128.7	1.0[1]	4.5
Apts., Hotels, Office Bldgs.	1982 = 100	Sept.	125.5	0.6[1]	3.6
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	Nov.	117,786	0.2	1.6
UNEMPLOYMENT*	thous.	Nov.	6,729	2.6	2.5
UNEMPLOYMENT RATE*	percent	Nov.	5.3	1.9	0.0
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1982-84 = 100	Nov.	124.4	0.2	4.5
All Urban Consumers	1982-84 = 100	Nov.	125.9	0.2	4.7
PRODUCER PRICE INDEXES:					
Finished Goods*	1982 = 100	Nov.	114.5	−0.1	4.6
All Commodities	1982 = 100	Oct.	112.7	0.4	4.2

r = revised. p = preliminary. [1]Compared to July, 1989. *Seasonally adjusted. **Seasonally adjusted at annual rates.

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Nov.	33,485.5	.....	13.4
Oahu	mil. $	Jan.-Nov.	28,708.5	.....	14.4
Maui County	mil. $	Jan.-Nov.	1,928.3	.....	4.8
Hawaii	mil. $	Jan.-Nov.	2,123.0	.....	12.0
Kauai	mil. $	Jan.-Nov.	725.8	.....	2.2
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Nov.	609.8	.....	4.2
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Nov.	296.1	.....	6.6
RETAILING	mil. $	Jan.-Nov.	11,305.5	.....	11.3
WHOLESALING	mil. $	Jan.-Nov.	8,983.9	.....	16.4
SERVICES	mil. $	Jan.-Nov.	7,611.5	.....	10.8
OAHU NEW CAR SALES	number	Jan.-Nov.	38,121p	.....	1.1
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1982-84 = 100	1st half	127.4	2.3[1]	5.2
All Urban Consumers	1982-84 = 100	1st half	126.4	2.4[1]	5.2
TOURISM					
VISITOR EXPENDITURES	mil. $	1988	9,200p	.....	39.4
OVERNIGHT OR LONGER VISITORS	number	Nov.	515,370p	4.8	7.0
	number	Jan.-Nov.	6,019,080p	.....	7.5
Westbound	number	Nov.	377,200p	5.8	7.2
	number	Jan.-Nov.	4,224,260p	.....	8.4
Eastbound	number	Nov.	138,170p	2.1	6.5
	number	Jan.-Nov.	1,794,820p	.....	5.2
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Nov.	123,860p	.....	8.0
AVERAGE LENGTH OF STAY	no. of days	Jan.-Nov.	9.8p	.....	−1.0
MEETING ATTENDANCE	number	Jan.-Nov.	268,175	.....	8.7
ORGANIZED GROUP TOURS	number	Jan.-Nov.	622,380p	.....	13.9
VISITOR COUNT BY COUNTY[2]					
Oahu	number	Nov.	268,100p	10.5	9.8
	number	Jan.-Nov.	2,880,590p	.....	3.8
Maui County	number	Nov.	165,200p	2.7	13.3
	number	Jan.-Nov.	1,884,780p	.....	8.5
Hawaii	number	Nov.	77,730p	−1.5	2.4
	number	Jan.-Nov.	883,170p	.....	24.8
Kauai	number	Nov.	88,080p	−7.6	4.8
	number	Jan.-Nov.	1,101,980p	.....	14.5

p = preliminary. [1]Compared to 2nd Half 1988. [2]Estimated Westbound

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS					
STATE	number	Feb. 1989	68,189	.....	−1.2
Oahu	number	Feb. 1989	36,739	.....	−2.9
Waikiki	number	Feb. 1989	32,743	.....	−2.7
Maui (Island)	number	Feb. 1989	15,444	.....	5.8
Molokai	number	Feb. 1989	574	.....	1.2
Lanai	number	Feb. 1989	10	.....	0.0
Hawaii	number	Feb. 1989	8,171	.....	−7.4
Kauai	number	Feb. 1989	7,251	.....	1.0
HOTEL OCCUPANCY					
STATE	percent	Nov.	77.7	2.8	0.9
		Jan.-Nov.	79.5	.....	0.3
Oahu	percent	Nov.	84.1	3.8	1.2
		Jan.-Nov.	86.8	.....	0.8
Maui (Island)	percent	Nov.	69.2	2.2	−3.5
		Jan.-Nov.	70.1	.....	−5.9
Hawaii	percent	Nov.	60.6	1.7	5.2
		Jan.-Nov.	61.1	.....	8.1
Kauai	percent	Nov.	70.5	−4.7	5.4
		Jan.-Nov.	72.4	.....	6.2
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 2nd Qtr.	1,028.1[3]	.....	3.9
Military Payroll	mil. $	Yr. to 2nd Qtr.	459.8	.....	2.9
Civilian Payroll	mil. $	Yr. to 2nd Qtr.	332.7	.....	3.6
Local Purchases	mil. $	Yr. to 2nd Qtr.	235.6[3]	.....	6.3
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1988	209.9	.....	−3.7
SUGAR PRODUCTION	thous. tons	Jan.-Nov.	825.4	.....	−9.0
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Nov.	455.20p	.....	2.8
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1988	107,402.0	.....	8.2
FRESH	thous. lbs.	Jan.-Nov.	248,406	.....	1.7
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1988	168,167	.....	10.4
FLOWERS & NURSERY PRODUCTS	thous. $	1988	59,646	.....	9.0
Anthurium Outshipments[4]	th. dozens	Jan.-Oct.	755.8	.....	−23.7
Potted Foliage Plants	thous. $	1988	12,424	.....	−6.8
FRUITS & NUTS	thous. $	1988	61,427	.....	15.2
Papaya Sales	th. lbs.	Jan.-Nov.	59,445	.....	16.3
Average Farm Price	cents/lb.	Nov.	19.0	−9.5	27.5
Macadamia Nut Sales (in shell)	th. lbs.	1988	45,500	.....	6.6
Average Farm Price	cents/lb.	1988	90.0	.....	7.1
VEGETABLES AND MELONS[5]	th. lbs.	Jan.-Nov.	54,800p	.....	−15.2
LIVESTOCK	thous. $	1988	88,620	.....	1.0
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Oct.	29,480	.....	10.9
Average Farm Price (Feedlot Beef)	cents/lb.	Oct.	92.0p	0.0	2.2
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Oct.	5,125	.....	−2.1
Average Farm Price	cents/lb.	Oct.	105.5p	0.0	2.9
MILK PRODUCTION	mil. lbs.	Jan.-Nov.	141.2	.....	−3.7
Average Price Sold to Plants	$/100 lbs.	Nov.	20.98	0.7	−0.7
EGG PRODUCTION	mil.	Jan.-Nov.	207.6	.....	1.2
Average Farm Price	cents/doz.	Nov.	83.0	3.1	6.4
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Nov.	7,775	.....	4.1
GAS SALES	th. therms.	Jan.-Nov.	47,781	.....	3.4
TELEPHONE LINES IN SERVICE	thous.	Nov.	554.0	.....	5.0

p = preliminary.
[3] Excludes Naval contract purchases from vendors in the State of Hawaii.
[4] From Hawaii County.
[5] Includes snap beans, cabbage, celery, sweet corn, cucumber, onions, green peppers, tomatoes, and watermelons.

increased by 25 percent to $2.9 billion through November. All counties experienced robust construction activity. Activity on Oahu and Maui increased by 25 and 37 percent, respectively. Activity on the Big Island and Kauai increased by 19 and 23 percent, respectively.

Construction is expected to be strong this year. Through November, private permits authorized increased by 34 percent to $1.7 billion. Oahu and Maui County's permits increased by 30 and 15 percent, respectively. The Big Island and Kauai's permits were ahead by 89 and 27 percent, respectively.

Public contracts awarded were ahead by 17 percent, statewide, through November. However, public construction is expected to be mixed at the county level. Oahu and Kauai's contracts were ahead by 35 and 51 percent, respectively. Public contracts for Maui and the Big Island were down by 33 and 59 percent, respectively. Construction contracts by the state and county governments increased by 31 and 45 percent, respectively, to $418 and $167 million. However, the federal government granted $122 million in construction contracts, reflecting a 29-percent decrease.

Residential real estate resales amounted to $2.4 billion through November, reflecting a 26-percent increase over the same period in 1988. Statewide, 4,026 single-family homes and 7,048 condominium units were sold, reflecting seven and nine percent increases, respectively. The active real estate market resulted in the average prices of single-family homes and condominiums to increase by 17 and 18 percent, respectively. The Big Island's average single-family home price increase of 28 percent was the greatest in the state. The average condominium price rose the most on Kauai, by 24 percent.

Agriculture is mixed. Sugar production was down by nine percent through November, however, the average price per ton was ahead by three percent to $455.2. Fresh pineapple shipments were ahead by two percent through November.

Diversified agriculture is also mixed. Papaya sales, through November, were ahead by 16 percent to 59 million pounds. Vegetable and melon production was down by 15 percent to 55 million pounds. Anthurium outshipments, through October, were down by 24 percent to 155,800 dozen.

Hawaii's upbeat business climate resulted in greater state tax collection. Tax collection, through November, was ahead by 15 percent to $2.2 billion.

HEALTH CARE COSTS AND BUSINESS IN HAWAII

Hawaii has a reputation of being one of the healthiest states in the nation. Studies show that Hawaii has the lowest heart disease rate and the second fewest number of overweight residents. *EastWest* magazine ranked Hawaii the most "healthful state" in a recent issue. Despite the results of these studies, spending on health care has steadily increased in Hawaii as it has throughout the country. Locally, demographic and economic trends indicate that health care costs will continue to rise in the near future. This rise could constitute a threat to future economic growth as ever-increasing medical costs strain the resources of Hawaii businesses.

A substantial amount is already spent on health care in this country. In fact, more is spent on health care in the U.S. than in any other industrialized nation; expenditures on health care increased by 10 percent in 1988 to $559 billion, approximately 11 percent of gross national product. Estimates for 1989 show that spending on health care rose another 11 percent to $618 billion. In Hawaii, spending totalled $1.6 billion in 1985, the most current data available. That equalled about nine percent of gross state product and was a seven percent increase over 1984. Health care expenditures were comparable to the value of construction-put-in-place and military spending that year.

In 1974, Hawaii became the first state to have mandatory health care coverage for full-time workers by their employers. Recognizing the need to protect workers from a sudden medical emergency, the Legislature enacted the Prepaid Health Care Act that year. Since then, businesses in Hawaii have helped ease the financial burden of medical care.

Health care benefit costs of businesses have spiraled since 1974, and the expected changes in the population's age structure indicate they will continue to rise in the future. Hawaii residents have the longest life expectancy in the country. Males in Hawaii can expect to live 75 years and females 81 years. Hawaii has a relatively small elderly population, ranking 41st in the number of residents over 65, but that sector is growing faster than in most other states. Between 1980 and 1987, the national population of those 65-plus increased by 17 percent. In Hawaii, the increase was 43 percent. By the year 2000, it is estimated that the portion of the population in Hawaii over 65 will rise by three percent, while only a 0.4 percent increase is expected for the nation.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE	mil. $	Jan.-Nov.	2,934.4	.....	24.8
Oahu	mil. $	Jan.-Nov.	2,524.8	.....	24.5
Maui County	thous. $	Jan.-Nov.	170.3	.....	37.0
Hawaii	thous. $	Jan.-Nov.	176.6	.....	19.4
Kauai	thous. $	Jan.-Nov.	62.7	.....	23.3
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1982 = 100	Nov.	140.1	−0.4	3.2
HIGH-RISE	1982 = 100	Nov.	135.6	−0.7	4.8
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	Jan.-Nov.	1,024,885	.....	32.9
Single Family Units	number	Jan.-Nov.	5,640	.....	3.1
Multiple Family Units	number	Jan.-Nov.	3,168	.....	10.0
NONRESIDENTIAL	thous. $	Jan.-Nov.	682,177	.....	35.8
OAHU: RESIDENTIAL	thous. $	Jan.-Nov.	498,661	.....	22.9
Single Family Units	number	Jan.-Nov.	1,578	.....	−17.5
Multiple Family Units	number	Jan.-Nov.	1,874	.....	45.6
NONRESIDENTIAL	thous. $	Jan.-Nov.	432,969	.....	38.6
MAUI CO.: RESIDENTIAL	thous. $	Jan.-Nov.	200,419	.....	25.7
Single Family Units	number	Jan.-Nov.	1,027	.....	−24.0
Multiple Family Units	number	Jan.-Nov.	812	.....	−24.7
NONRESIDENTIAL	thous. $	Jan.-Nov.	100,416	.....	−2.0
HAWAII: RESIDENTIAL	thous. $	Jan.-Nov.	198,739	.....	63.4
Single Family Units	number	Jan.-Nov.	2,275	.....	45.6
Multiple Family Units	number	Jan.-Nov.	430	.....	−9.3
NONRESIDENTIAL	thous. $	Jan.-Nov.	112,421	.....	161.7
KAUAI: RESIDENTIAL	thous. $	Jan.-Nov.	127,069	.....	50.8
Single Family Units	number	Jan.-Nov.	760	.....	17.5
Multiple Family Units	number	Jan.-Nov.	52	.....	30.0
NONRESIDENTIAL	thous. $	Jan.-Nov.	36,372	.....	−18.3
PUBLIC CONTRACTS AWARDED					
STATE	thous. $	Jan.-Nov.	707,376	.....	16.7
Oahu	thous. $	Jan.-Nov.	587,645	.....	35.2
Maui County	thous. $	Jan.-Nov.	59,848	.....	−32.7
Hawaii	thous. $	Jan.-Nov.	24,281	.....	−58.9
Kauai	thous. $	Jan.-Nov.	35,603	.....	50.5
BY LEVEL OF GOVERNMENT					
Federal	thous. $	Jan.-Nov.	122,155	.....	−28.9
State	thous. $	Jan.-Nov.	417,801	.....	31.0
County	thous. $	Jan.-Nov.	167,420	.....	44.7
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-Nov.	4,026	.....	7.3
Average Price	dollars	Jan.-Nov.	306,673	.....	16.5
Condominium	number	Jan.-Nov.	7,048	.....	8.9
Average Price	dollars	Jan.-Nov.	167,682	.....	17.5
OAHU: Single Family	number	Jan.-Nov.	2,437	.....	3.4
Average Price	dollars	Jan.-Nov.	363,261	.....	15.9
Condominium	number	Jan.-Nov.	5,357	.....	6.1
Average Price	dollars	Jan.-Nov.	162,697	.....	18.2
MAUI CO.: Single Family	number	Jan.-Nov.	466	.....	0.2
Average Price	dollars	Jan.-Nov.	294,058	.....	25.3
Condominium	number	Jan.-Nov.	1,061	.....	10.2
Average Price	dollars	Jan.-Nov.	202,230	.....	14.2
HAWAII: Single Family	number	Jan.-Nov.	880	.....	19.2
Average Price	dollars	Jan.-Nov.	175,374	.....	27.5
Condominium	number	Jan.-Nov.	390	.....	63.9
Average Price	dollars	Jan.-Nov.	147,544	.....	17.5
KAUAI: Single Family	number	Jan.-Nov.	243	.....	33.5
Average Price	dollars	Jan.-Nov.	238,844	.....	14.1
Condominium	number	Jan.-Nov.	240	.....	9.1
Average Price	dollars	Jan.-Nov.	158,956	.....	24.2

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1988	1,218.8p	.....	1.5
Total Resident Population	thous.	July 1, 1988	1,098.2p	.....	1.5
OAHU:					
Total De Facto Population	thous.	July 1, 1988	902.6p	.....	1.2
Total Resident Population	thous.	July 1, 1988	838.5p	.....	1.1
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1988	125.0p	.....	1.8
Total Resident Population	thous.	July 1, 1988	93.0p	.....	3.0
HAWAII:					
Total De Facto Population	thous.	July 1, 1988	126.3p	.....	2.4
Total Resident Population	thous.	July 1, 1988	117.5p	.....	2.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1988	64.9p	.....	3.3
Total Resident Population	thous.	July 1, 1988	49.3p	.....	2.9
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1988	1,041.4p	.....	1.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1989	56,370	.....	−12.0
Ashore	number	July 1, 1989	53,263	.....	−12.1
Afloat	number	July 1, 1989	3,107	.....	−9.5
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1989	60,274	.....	−13.8
FOREIGN IMMIGRATION[1]	number	Jan.-Nov.	4,854	.....	18.9

p = preliminary.
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	2nd Qtr.	19,936p	2.7	10.3
EMPLOYMENT INCOME[1]	mil. $	2nd Qtr.	15,258p	2.7	10.0
Manufacturing	mil. $	2nd Qtr.	633p	2.1	5.9
Construction & Mining	mil. $	2nd Qtr.	1,312p	5.0	30.3
Wholesale	mil. $	2nd Qtr.	614p	2.3	13.1
Retail	mil. $	2nd Qtr.	1,787p	1.1	9.1
Finance, Ins., & Real Estate	mil. $	2nd Qtr.	1,089p	7.6	9.2
Trans., Comm., & Util.	mil. $	2nd Qtr.	1,333p	3.3	17.3
Services	mil. $	2nd Qtr.	4,021p	3.4	8.1
Farm & Other	mil. $	2nd Qtr.	370p	−1.9	6.9
Federal Civilian	mil. $	2nd Qtr.	1,097p	0.9	5.4
Federal Military	mil. $	2nd Qtr.	1,399p	0.1	3.2
State & Local	mil. $	2nd Qtr.	1,602p	2.2	7.1
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	2nd Qtr.	3,073p	3.5	15.4
TRANSFER PAYMENTS ($2,617 minus personal contributions for social insurance $1,013)	mil. $	2nd Qtr.	1,604p	0.8	3.8
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1988	16,753	.....	7.6
Oahu	dollars	1987	16,412	.....	7.0
Maui County	dollars	1987	14,352	.....	5.8
Hawaii	dollars	1987	12,455	.....	6.3
Kauai	dollars	1987	13,085	.....	6.0

***Total personal income and all components are seasonally adjusted at annual rates.*
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

AWAIIAN BANK

Not only will Hawaii's elderly population increase, but the population as a whole will age. State projections show population growth in Hawaii slowing from an annual increase of 2.5 percent between 1970 and 1975, to a 1.3-percent annual increase between 1990 and 1995, and to 0.8 percent between 1995 and 2000. The entire population will be moving up the age ladder. Those between 25 and 39 are projected to increase only one percent between 1990 and 1995. Those between 45 and 59, on the other hand, are expected to increase by 23 percent during that time.

These trends forecast a rising demand for medical care. As a population ages, the need for medical care increases. Older age groups require a disproportionate share of medical care. For example, a 1987 study found that people age 65 plus made up 12 percent of the national population, but accounted for 36 percent of all medical expenditures that year. Businesses will be picking up most of the increase in medical expenditures as their workforce ages.

Besides demographic trends, the projected economic performance of the local economy has implications for businesses and their health care costs. The state predicts real gross state product will grow by 18 percent between 1990 and 1995. Total job count is projected to rise by nine percent with the number of service jobs increasing by 12 percent. The service industry's share of private sector jobs will grow from 78 percent to 79 percent. With continued economic growth, Hawaii's labor market will remain tight. Due to the low unemployment rate, businesses are hiring workers from less traditional sources. The elderly are one such source. Employers are finding out they make excellent employees, but, they tend to consume more medical services. This tendency along with the overall aging of the workforce, will add to the medical expenses of businesses.

Suppliers of medical services are also charging more as they face increased costs. In 1988, Hawaii had 51 hospitals and care homes with a total of 6,671 beds. That year the average hospital cost per day was $932, up by seven percent over 1987 and 43 percent higher than in 1984. Even at this rate the state's major hospitals were 90 percent or more occupied for most of 1989.

Certain trends in the health care industry point to continued rises in cost. Hawaii's current nursing shortage is such a trend. Hawaii hospitals needed about 600 additional nurses in 1989, and could need as many as 1,400 nurses by 1992. As hospitals bid up wages and

benefits to attract the nurses they need, part of that increase will be passed on to the consumers of health care services.

High technology medicine is also adding to the cost of supplying health care services. It is estimated that advances in medical technology and their associated costs are responsible for over 50 percent of the escalation in health care costs every year. This is the major contributor to health care's portion of gross national product.

At the same time health care providers are faced with rising costs, government contributions are shrinking. Over the last ten years, the state and federal government have been reducing their Medicaid and Medicare payback programs. In the 1970s, nearly 100 percent of Medicare and Medicaid patient's expenses were reimbursed by the government. Since then, the federal government has tightened its guidelines for payments by replacing full-cost reimbursements with a schedule of fees. In 1985, the Medicaid program followed suit with its own fee schedule. Payments from these programs have since gone down from nearly 100 percent to less than 80 percent for Medicare patients and less than 50 percent for Medicaid patients.

To minimize their losses, health care providers have shifted some of these costs to the private sector, both employers and individuals. Rising rates of private health insurance organizations are evidence of this cost shifting. The Hawaii Medical Service Association (HMSA), the state's largest health insurance provider with 577,000 members, raised the rates of its community-based plans by an average of 14 percent in 1989. Kaiser Permanente, with its 170,000 members, raised its rates by a 22-percent average this year. In addition to these overall increases, both insurers upped the monthly premiums to the elderly in their catastrophic medical insurance programs. The increases, 38 percent for HMSA and 44 percent for Kaiser, were necessary to offset benefits cut from the Medicare program last year.

Due to Hawaii's mandatory prepaid health care law, businesses will have to shoulder a major portion of any increase in health care costs. A majority of local businesses provide between 80 and 90 percent of employees' medical benefits. It is estimated by A. Foster Higgins & Co., a health benefit consulting firm, that, nationally, the average cost of providing these benefits rose 17 percent last year after a 19 percent rise in 1988. Companies have tried a variety of measures to reduce their medical expenses such as increasing workers' share of insur-

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	Nov.	527.6p	0.8	2.2
Employment	thous.	Nov.	512.9p	0.5	2.7
Unemployment	thous.	Nov.	14.7p	11.4	−13.0
Unemployment Rate	percent	Nov.	2.8p	12.0	−15.2
OAHU:					
Civilian Labor Force	thous.	Nov.	390.5p	1.0	2.1
Employment	thous.	Nov.	380.3p	0.7	2.4
Unemployment	thous.	Nov.	10.2p	12.1	−8.1
Unemployment Rate	percent	Nov.	2.6p	13.0	−10.3
MAUI COUNTY:					
Civilian Labor Force	thous.	Nov.	52.6p	0.5	2.3
Employment	thous.	Nov.	51.2p	0.5	3.2
Unemployment	thous.	Nov.	1.5p	0.0	−18.9
Unemployment Rate	percent	Nov.	2.8p	0.0	−22.2
HAWAII:					
Civilian Labor Force	thous.	Nov.	57.4p	−0.3	2.0
Employment	thous.	Nov.	55.3p	−0.6	3.6
Unemployment	thous.	Nov.	2.2p	10.3	−24.6
Unemployment Rate	percent	Nov.	3.7p	8.8	−27.5
KAUAI:					
Civilian Labor Force	thous.	Nov.	27.2p	1.3	2.8
Employment	thous.	Nov.	26.3p	0.6	3.8
Unemployment	thous.	Nov.	0.9p	28.6	−14.3
Unemployment Rate	percent	Nov.	3.3p	26.9	−17.5
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	Nov.	548.6p	1.0	3.0
Oahu	thous.	Nov.	422.6p	1.2	2.9
Maui County	thous.	Nov.	48.5p	0.9	3.5
Hawaii	thous.	Nov.	51.6p	−0.5	3.5
Kauai	thous.	Nov.	26.0p	1.0	4.4
SUGAR (Mill and Field)	thous.	Nov.	5.8p	−1.7	−11.5
PINEAPPLE (Cannery and Field)	thous.	Nov.	3.4p	4.6	−2.9
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	Nov.	17.4p	−0.6	−2.5
Durable Goods	thous.	Nov.	4.2p	−1.2	−4.5
Non-Durable Goods	thous.	Nov.	13.2p	−0.4	−1.5
Apparel and Textiles	thous.	Nov.	2.5p	0.0	−5.8
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-employed)	thous.	Nov.	8.1p	−5.3	−3.6
CONTRACT CONSTRUCTION	thous.	Nov.	28.5p	1.6	18.0
TRANSPORTATION	thous.	Nov.	30.7p	0.8	7.2
COMMUNICATION	thous.	Nov.	7.2p	0.7	−1.4
UTILITIES	thous.	Nov.	2.8p	0.0	3.7
RETAIL TRADE	thous.	Nov.	110.5p	1.2	2.3
WHOLESALE TRADE	thous.	Nov.	21.3p	0.0	3.1
FINANCE, INSURANCE AND REAL ESTATE	thous.	Nov.	36.3p	0.8	3.9
HOTEL SERVICES—STATE	thous.	Nov.	37.5p	0.8	5.8
Oahu	thous.	Nov.	18.8p	1.9	5.9
Maui County	thous.	Nov.	8.3p	0.0	6.4
Hawaii	thous.	Nov.	6.3p	0.8	6.8
Kauai	thous.	Nov.	4.2p	0.0	5.0
OTHER SERVICES	thous.	Nov.	103.6p	1.1	4.8
FEDERAL GOVERNMENT	thous.	Nov.	33.4p	0.5	−1.0
Civilian Agencies	thous.	Nov.	13.4p	1.1	−0.4
Defense Department	thous.	Nov.	20.0p	0.0	−1.7
STATE GOVERNMENT	thous.	Nov.	56.2p	5.3	3.9
COUNTY GOVERNMENT	thous.	Nov.	13.9p	0.7	1.1
NON-AGRICULTURE SELF-EMPLOYED	thous.	Nov.	32.2p	−2.0	−4.7

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
UNEMPLOYMENT INSURANCE					
Insured Unemployment (Wkly Avrg)	number	Nov.	4,351	− 17.0	− 25.6
Intrastate Initial Claims	number	Jan.-Nov.	42,030	.....	− 9.9
Interstate Initial Claims	number	Jan.-Nov.	2,617	.....	− 10.7
Unemployment Insur. Benefits	thous. $	Jan.-Nov.	38,357	.....	− 19.4
INCOME MAINTENANCE					
Recipients[1]	no. persons	Nov	52,368	0.0	5.8
Payments	thous. $	Jan.-Nov.	106,950	.....	12.7
MEDICAL ASSISTANCE					
Recipients[1]	no. patients	Nov.	47,677	4.8	16.1
Payments	thous. $	Jan.-Nov.	176,687	.....	13.6
FOOD STAMPS					
Recipients[1]	no. persons	Oct.	80,024	0.4	− 1.1
Payments	thous. $	Jan.-Oct.	61,678	.....	− 2.1
SERVICES					
Recipients[1]	no. cases	3rd Qtr.	7,011	4.8	− 4.6
Payments	thous. $	3rd Qtr.	6,379	− 33.9	15.0

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS					
STATE					
Total Deposits	mil. $	Nov.	11,266.5	3.6	17.6
Debits To Demand Deposits	mil. $	Jan.-Nov.	156,094.1	.....	34.7
OAHU					
Total Deposits	mil. $	Nov.	9,396.9	5.0	19.0
Debits To Demand Deposits	mil. $	Jan.-Nov.	141,531.0	.....	35.9
MAUI					
Total Deposits	mil. $	Nov.	757.7	− 4.8	9.2
Debits To Demand Deposits	mil. $	Jan.-Nov.	6,501.8	.....	26.3
HAWAII					
Total Deposits	mil. $	Nov.	750.3	− 1.9	14.6
Debits To Demand Deposits	mil. $	Jan.-Nov.	5,274.0	.....	21.2
KAUAI					
Total Deposits	mil. $	Nov.	361.7	− 1.8	8.1
Debits To Demand Deposits	mil. $	Jan.-Nov.	2,787.4	.....	24.5
BANK LOANS OUTSTANDING STATE:[1]	mil. $	3rd Qtr.	7,676.4	4.5	19.9
Real Estate	mil. $	3rd Qtr.	3,583.9	3.0	21.3
Consumer	mil. $	3rd Qtr.	1,250.8	3.2	7.0
Commerical & Industrial	mil. $	3rd Qtr.	2,239.5	6.6	17.4
Other	mil. $	3rd Qtr.	491.2	15.9	67.5
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	Nov.	10.0	4.7	3.6
SAVINGS & LOAN ASSOCIATIONS:[2]					
Total Deposits	mil. $	Oct.	4,870.0	0.2	15.7
Total Loans	mil. $	Oct.	172.0	− 1.8	65.7
Mortgage Loans	mil. $	Oct.	154.6	5.0	78.1
TAX COLLECTIONS:[3]					
STATE	thous. $	Jan.-Nov.	2,226,422	.....	14.5
Oahu	thous. $	Jan.-Nov.	1,928,684	.....	15.1
Maui County	thous. $	Jan.-Nov.	135,354	.....	16.0
Hawaii	thous. $	Jan.-Nov.	120,148	.....	17.7
Kauai	thous. $	Jan.-Nov.	52,237	.....	4.5

[1]Figures contain domestic balances only.
[2]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[3]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but now collected by the Counties.

ance or treatment, offering managed care plans, and offering flex benefits where employees choose the benefits they want. None of these measures have been very successful in stemming the rise in medical care costs. With increased demand and higher supply costs expected in the future, continued medical care cost escalation is likely.

The continued rise in the cost of health care benefits will have a negative impact on individual companies, and could also affect the economy of Hawaii. For example, as rising health care costs add to the price of goods produced in Hawaii, exporters will find it more difficult to compete against foreign companies or those operating in states which do not have mandatory health care coverage. Increased health care costs could retard economic expansion as companies find they have less money remaining for reinvestment. Richard Lamm, the director of the University of Denver's Center for Public Policy and Contemporary Issues, stated in a recent conference that companies spend what would be 50 percent of their pretax profits on health-care premiums annually.

Small businesses in Hawaii will be the hardest hit as the cost of medical care rises. According to Small Business Hawaii, rising rates "have the potential of destroying small business." Lacking the resources to be as innovative as larger corporations, small businesses will not be as effective in containing their health care costs. With Hawaii's present tight labor market, medical benefits offered could be the difference between obtaining needed workers or doing without. Escalating medical care costs will be a heavy burden for small businesses as they strive to rise up in the local economy.

Past rises in medical benefits payments have been a heavy load on businesses, and it appears the load will increase in the future. Within the next five years, Hawaii's aging population will be adding to the demand for medical care, while rising costs will make it difficult to provide health services without raising price. It will take a concerted effort by businesses, government, insurance carriers, and medical professionals to bring health care costs under control. If it is not done soon, rising medical expenses may have a negative impact on Hawaii's economy. Reduced competitiveness of Hawaii products abroad and fewer funds for reinvestment will affect all businesses in Hawaii. Small businesses will be especially hard hit. Rising health care costs could hamper further growth of the Hawaiian economy.

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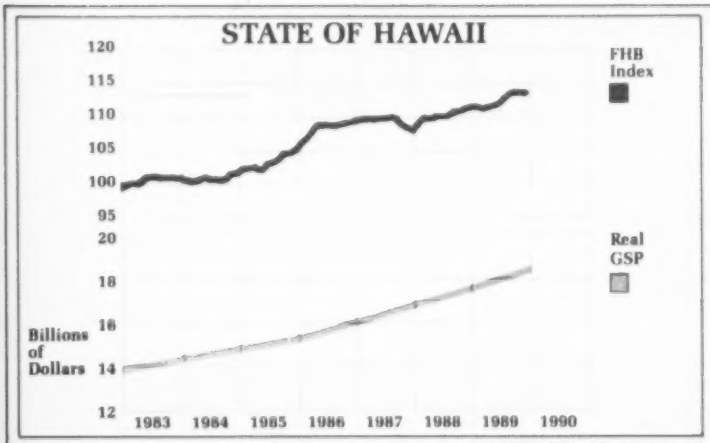

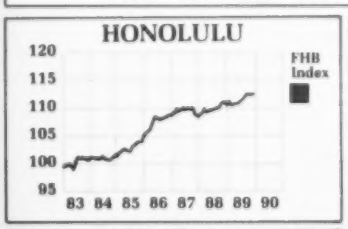

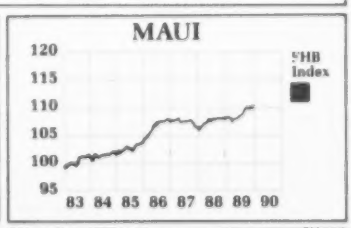

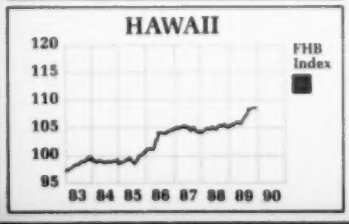

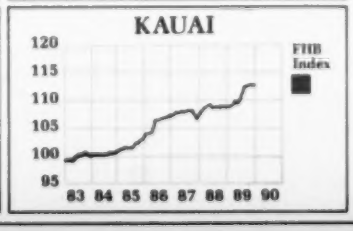

FIRST HAWAIIAN BANK INDEX OF LEADING ECONOMIC INDICATORS

The First Hawaiian Bank Index of Leading Economic Indicators for the State of Hawaii increased by 0.2 percent for November, following a 0.2-percent decrease for October. This pattern indicates moderate economic growth into 1990. The index previously increased for four consecutive months, from June to September. Of the ten index components, the tourism indicator showed the greatest strength. The state credit-demand, Hawaii stock, federal money supply, unemployment-insurance-claims, and private-construction indicators also showed strengths. The inflation, public-construction, and average-workweek-hour indicators declined. All county indexes rose. Honolulu County experienced strengths in the tourism, credit-demand, and private-construction indicators, and weaknesses in the public-construction, employment, and average-workweek-hour indicators. Both Maui and Hawaii County experienced weakness in the employment indicator. Kauai County experienced strengths in the public-construction, tourism, and credit-demand indicators, and weaknesses in the employment and private-construction indicators.

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